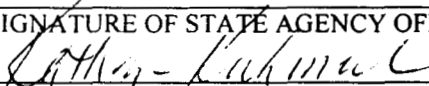
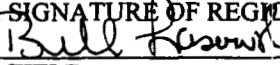


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 04-26	2. STATE New York
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE April 1, 2004	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: §1902(a) of the Social Security Act (42 USC 1396a(a)) and Title 42 CFR, Subpart C		7. FEDERAL BUDGET IMPACT: a. 10/01/03 – 09/30/04 \$32,600,000 b. 10/01/04 – 09/30/05 \$65,200,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Part I, Page 253 Attachment 4.19-A, Part I, Page 253(a)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): NEW	
10. SUBJECT OF AMENDMENT: Inpatient Hospital Services			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: New York State Department of Health Office of Medicaid Management Corning Tower - Empire State Plaza Room 1466 Albany, New York 12237	
13. TYPED NAME: Kathryn Kuhmerker			
14. TITLE: Office of the Deputy Commissioner Department of Health			
15. DATE SUBMITTED: June 30, 2004			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: 3-7-05	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: APR - 1 2004		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: William Lasowski		22. TITLE: Acting Deputy Director, CMSO	
23. REMARKS:			

**New York
253**

**Attachment 4.19-A
Part I
SPA #04-26
(04/04)**

Graduate Medical Education – Rate Adjustments

For periods on and after April 1, 2004, the Commissioner of Health shall adjust inpatient medical assistance rates, including discrete graduate medical education (GME) rates of payment for inpatient services rendered to patients enrolled in Medicaid managed care and Family Health Plus, for non-public general hospitals in accordance with paragraph (a) below, for purposes of reimbursing GME costs based on the following methodology:

- a) Rate adjustments for each non-public general hospital shall be based on the difference between the graduate medical education component, direct and indirect, of the two thousand three medical assistance inpatient rates of payment, including exempt unit per diem rates, and the sum of direct and indirect medical education costs stated at two thousand three levels and calculated as follows:
1. Each non-public general hospital's total direct medical education costs as reported in the two thousand one institutional cost report submitted as of December thirty-first, two thousand three, and
 2. An estimate of the total indirect medical education costs for two thousand one calculated in accordance with the methodology applicable for purposes of determining an estimate of indirect medical education costs pursuant to the approved methodology contained in §86-1.54 of this Attachment. The indirect medical education costs shall equal the product of two thousand one hospital specific inpatient operating costs, including exempt unit costs, and the indirect teaching cost percentage determined by the following formula:

$$1 - (1 / (1 + 1.89(((1 + r)^{.405}) - 1)))$$

where r equals the ratio of residents and fellows to beds for two thousand one adjusted to reflect the projected two thousand three resident counts.

3. Each hospital's rate adjustment shall be limited to seventy-five percent of the graduate medical education component included in its two thousand three medical assistance inpatient rates of payment, including exempt unit rates.

TN **04-26**

Approval Date MAR - 7 2005

Supersedes TN _____

Effective Date APR - 1 2004

**New York
253(a)**

**Attachment 4.19-A
Part I
SPA #04-26
(04/04)**

4. No hospital shall receive a rate adjustment pursuant to this paragraph if its two thousand one graduate medical education costs calculated in accordance with this paragraph and stated at 2003 levels is less than the graduate medical education component of their two thousand three medical assistance inpatient rates of payment, including exempt unit rates.
- b) If the aggregate amount of rate adjustments calculated pursuant to this paragraph exceeds the upper payment limit calculated pursuant to federal regulations, such rate adjustments shall be reduced proportionally by the amount in excess of the federal upper payment limit. Such reduction, if applicable, shall be calculated on an annual basis.
- c) Such rate adjustment shall be included as an add-on to medical assistance inpatient rates of payment, excluding exempt unit rates, but including inpatient rates of payment for inpatient services rendered to patients enrolled in Medicaid Managed Care or Family Health Plus. Such rate add-on shall be based on medical assistance data reported in each hospital's annual cost report submitted for the period two years prior to the rate year and filed with the Department of Health by November first of the year prior to the rate year. Such amounts shall not be reconciled to reflect changes in medical assistance utilization between the year two years prior to the rate year and the rate year.

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